

MINUTES OF ROANOKE CITY AUDIT COMMITTEE

August 16, 2004

1. CALL TO ORDER:

The meeting of the Roanoke City Audit Committee was called to order at 1:37 p.m. on Monday, August 16, 2004, with Chair, Dr. M. Rupert Cutler, presiding.

- The roll was called by Mrs. England

Audit Committee

Members Present: Dr. M. Rupert Cutler, Chair
Mayor C. Nelson Harris
Vice-Mayor Beverly T. Fitzpatrick, Jr.
Alfred T. Dowe, Jr. (arrived late)
Brenda L. McDaniel
Brian J. Wishneff

Others Present: Drew Harmon, Municipal Auditor
Darlene L. Burcham, City Manager
William M. Hackworth, City Attorney
Ann Shawver, Deputy Director of Finance
George C. Snead, Jr., Asst. City Manager for Operations
Evelyn W. Powers, City Treasurer
Mike Tuck, Assistant Municipal Auditor
Pamela Mosdell, Information Systems Auditor
Brian Garber, Senior Auditor
Cheryl Ramsey, Auditor
Doris England, Administrative Assistant

2. INTERNAL AUDIT REPORTS:

- A. Cash & Inventory Counts
- B. Civic Center Maintenance
- C. Code Enforcement
- D. Data Mining

Dr. Cutler ordered that internal audits A through D be received and filed. There were no objections from the committee. Dr. Cutler recognized Mr. Harmon for comments on all the audits.

Mr. Harmon asked for comments on the Cash & Inventory Counts audit. There were no comments from the audit committee members.

Mr. Fitzpatrick asked if the Civic Center audit was related to previous issues concerning contract labor. Mr. Harmon replied that it was not. This audit was

on Civic Center Maintenance and was a controls evaluation of maintenance. The auditors worked with Wilhemina Boyd, Director of Civic Facilities, and her staff on the agreed upon actions stated in the audit report. He explained that was why there was no response from Ms. Boyd in the report.

Dr. Cutler commented on the small size of the maintenance staff and asked Ms. Burcham to discuss the plans for restructuring the staff. Ms. Burcham replied that the subsidy to the Civic Center had been increased this (fiscal) year to accommodate additional maintenance and custodial staff needs. Further discussion disclosed that the previous Director of Civic Facilities, hired several years before Ms. Burcham's arrival at the city, was paid an annual salary with a bonus incentive to lower the annual subsidy. It was found that some corners had been cut, especially in the maintenance and custodial areas. Ms. Boyd was not hired under any such contract so that problem was eliminated. Ms. Burcham further stated that an outstanding young man had been hired to head the maintenance and custodial areas. He comes from Valley View Mall with much experience. He has done some maintenance and renovation work in one of the parlors at the Civic Center since he was hired, using in-house work forces rather than contractual labor. She feels the right person is in place, and several things needed now are procedural manuals, a solid inventory of the condition of assets, and a preventative maintenance program – not just doing repair and replacement of items. She feels Ms. Boyd is attuned to the issues and is being proactive, as evidenced in the seat replacement program. She said there will be significantly more investment in the infrastructure at the Civic Center in the next couple of years.

Dr. Cutler asked about the Event Business Management System (EBMS). Ms. Burcham explained that EBMS is a software system purchased several years ago that has never been fully implemented with all its different modules. Additional modules have been implemented this past year. The maintenance module is in the process of being implemented. She feels both the tools and personnel are now in place.

Dr. Cutler commented that it was easy to see why Victory Stadium was not maintained with only two electricians and a supervisor for both the Civic Center and Victory Stadium. Ms. Burcham commented that Victory Stadium did not come under Civic Facilities until July 1, 2000. Before that, it was the responsibility of Parks and Recreation.

Ms. Burcham stated that when the stadium was under the oversight of Parks and Recreation, there was no budget set aside for Victory Stadium. Beginning with fiscal year July 1, 2001, a budget was created for the stadium.

Mr. Wishneff asked how committee members could be assured that changes are implemented. Mr. Harmon replied that Municipal Auditing follows up on

outstanding findings every year. This year's follow-up audit has just been started and should be reported to the next audit committee meeting in October.

Dr. Cutler asked Mr. Harmon to comment on the Code Enforcement audit. Mr. Harmon said the audit had examined certain aspects of code enforcement and did not have any findings. He felt code enforcement was doing a good job with the resources that were in place. Mr. Wishneff asked if that was an editorial comment. Mr. Harmon said he would not imply that everyone in the City of Roanoke lived in a completely safe structure, but given our procedures and what we are allowed to do under the law, code enforcement does a good job.

Dr. Cutler asked if Ms. Burcham would review what had been done with code enforcement. Ms. Burcham explained that about half the code enforcement staff in 2000 had been paid out of community block grant funds (CDBG), which meant those inspectors had to concentrate their efforts in those lower-income areas of the city. Over a two-year period, all administrative positions were moved out of the CDBG funding with code enforcement being the first ones. The code inspectors are now unrestricted in their work areas and are cross trained so the same inspector can go out and identify a zoning violation and also address a rehabilitation or enforcement issue.

Ms. Burcham further explained that there are different levels of code enforcement. Initially, Roanoke focused on weeds, trash, and inoperable vehicles. She believes the city is now ready for the next level of code enforcement, dealing with exterior paint, gutters and roofs. Ms. Burcham will be meeting this week with the head of Housing and Urban Development out of Richmond and the head of the Virginia Department of Housing discussing ways to better partner with those agencies to address issues with Roanoke's older housing stock. Seventy-five percent of all housing in the city is valued at \$100,000 or less, and this needs to be addressed.

Dr. Cutler brought before the committee the Data Mining audit and asked Mr. Harmon to briefly explain what data mining is. Mr. Harmon clarified that data mining is looking at the universe of data, whether payables or vendor files, and not looking at one specific department, but across the whole organization. Audit software is used to isolate anomalies in data that can then be researched. Dr. Cutler asked if purchasing cards was an example and Mr. Harmon replied affirmatively.

3. UNFINISHED BUSINESS:

There was no unfinished business to come before the committee.

4. NEW BUSINESS:

- A. Municipal Auditing Annual Report – June 30, 2004
- B. Audit Committee Annual Report – June 30, 2004
- C. Municipal Auditing 2005 Annual Plan

Dr. Cutler presented the Annual Report of the Municipal Auditor and asked Mr. Harmon to comment. Mr. Harmon said he hoped the report was informative and explained how the auditing staff spends its time. It does not address the department's performance measures, but it does address what happened to the audits that were planned last year. Mr. Harmon then asked for comments from the committee members.

Dr. Cutler said Mr. Harmon had brought to his attention "Investigations," which is continued into fiscal year 2005, and includes negotiations and conversations with AEP about putting in electrical lines on Norfolk Avenue. Mr. Harmon clarified that this was the Carilion Roanoke Memorial Hospital flood reduction area, and explained that Municipal Auditing is making inquiries and working with AEP. Ms. Burcham further explained that this was a city initiative for the Riverside complex.

Dr. Cutler asked about the Commissioner of Revenue audit. Mr. Harmon stated he had used 85 hours on the audit, which he started in April. It had to be delayed due to the personal property rush of business for that office. He will soon get back to the audit, and it should be presented to the committee in October or December. Ms. Burcham stated this audit was timely because of the changes to the reimbursement from the State under the Personal Property Tax Relief Act (PPTRA). The State will establish the local share of the money budgeted for PPTRA in 2006 based on the assessment at that time. The city's assessment needs to be as complete as possible by 2006 because we will not be able to go back and correct it later.

Mr. Fitzpatrick expressed concern that when he was on Council before, there was some speculation that all was not being done to the extent that it should in the Commissioner of Revenue area. It is important that the audit provide Council with an accurate appraisal of the state of operations in the Commissioner of Revenue office.

Dr. Cutler ordered that items A and B be received and filed and to be included on the Consent Agenda at the next Council meeting. There were no objections from the committee.

Dr. Cutler ordered that item C be received and filed. There were no objections from the committee.

5. OTHER BUSINESS:

Dr. Cutler presented the Roanoke City Public Schools Engagement Letter to the committee. He ordered that the letter be received and filed. There were no objections from the committee.

6. ADJOURNMENT:

There being no further business, the meeting was adjourned at 2:00 p.m.

A handwritten signature in dark ink, appearing to read "M. Rupert Cutler", is written over a horizontal line.

M. Rupert Cutler, Chair